

Message Text

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PAGE 01 USBERL 02393 081632Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 IO-13 L-03 SS-15

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FM USMISSION USBERLIN

TO AMEMBASSY BONN

SECSTATE WASHDC 3397

INFO AMEMBASSY BERLIN UNN

AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL ZURICH

C O N F I D E N T I A L USBERLIN 2393

E.O.11652: GDS

TAGS: PFOR, EAIR, PGOV, WB, GW, US, UK, FR, SZ, UR

SUBJECT: BERLIN-ZURICH FLIGHTS

REF: STATE 266878

1. AT LUNCH ON NOVEMBER 5 PAN AM BERLIN DIRECTOR GALLAGHER EXPRESSED CONCERN TO MISOFF ABOUT CURRENT SNARL IN BERLIN-ZURICH FLIGHTS. HE WAS GRATEFUL FOR DEPARTMENT INSTRUCTIONS CONTAINED REFTEL. HE ADDED, HOWEVER, THAT HIS OWN PERSONAL PRESTIGE AND THAT OF SENATOR LUEDER WERE AT STAKE.

BASED ON WHAT PAN AM CHAIRMAN SEAWELL HAD TOLD HIM, I.E. FLIGHTS SHOULD BE STARTED "TOMORROW," HE HAD ASSURED LUEDER PAN AM WOULD FLY TO ZURICH. BASED ON HIS ASSURANCE LUEDER IN TURN HAD INFORMED BERLIN PUBLIC THAT PAN AM WOULD DO JUST THAT. IN EVENT PAN AM ZURICH FLIGHTS DO NOT MATERIALIZE, BOTH GALLAGHER AND LUEDER WILL SUFFER CREDIBILITY LOSS.

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PAGE 02 USBERL 02393 081632Z

2. GALLAGHER SAID SWISS AIR HAD TALKED TO HIM IN BERLIN,

AND HAD ASSURED HIM THAT SWISS GOVERNMENT WAS PREPARED TO APPROVE PAN AM REQUEST JUST AS SOON AS PAN AM COMPLETED PAPERWORK PROPERLY. GALLAGHER REMARKED THAT IN CHARACTERISTIC BUT SOMEWHAT STRANGE FASHION OF BA DIRECTOR CARO, BA HAD REFUSED TO SPEAK TO SWISS AIR. SWISS AIR WAS THEREFORE DELIGHTED AT OPPORTUNITY TO COMPARE NOTES WITH PAN AM. UPSHOT THEIR CONVERSATIONS WAS THAT PAN AM SHOULD LEAVE BERLIN IN AFTERNOON IN TIME TO CONNECT WITH LATIN AMERICAN AND AFRICAN FLIGHTS FROM ZURICH WHICH LEAVE EARLY EVENING. SWISS AIR WOULD EXPECT TO PICKUP ROUGHLY ONE-THIRD OF THIS TRAFFIC. PAN AM ESTIMATES THAT TWO-THIRDS OF BERLIN-ZURICH TRAFFIC WOULD CONSIST OF BUSINESS MEN PLANNING TO PROCEED BEYOND SWITZERLAND. GALLAGHER MADE CLEAR THAT PAN AM HAD NO INTEREST IN MORNING FLIGHT TO ZURICH WHICH WOULD DIVERT PASSENGERS FROM PAN AM'S FRANKFURT-NEW YORK SERVICE. BA, ON THE OTHER HAND, IS PLANNING FOR MORNING FLIGHT WHICH WOULD ALLOW PASSENGERS TO TAKE MID-DAY TRANSATLANTIC FLIGHTS OF TWA AND OTHER CARRIERS INCLUDING SWISS AIR WHICH, IN GALLAGHER'S VIEW, NOW HAS ABOUT THE HIGHEST PRESTIGE OF ANY TRANSATLANTIC CARRIER.

3. GALLAGHER FELT OBVIOUS SOLUTION TO IMPASSE WAS FOR PAN AM TO SUPPLY BERLIN-ZURICH SERVICE THREE OR FOUR DAYS A WEEK IN SUCCESSION WITH BA PROVIDING REMAINDER OF DAILY SERVICE. HOWEVER, BA HAD BROKEN OFF ITS TALKS WITH PAN AM WHEN PAN AM FLATLY REFUSED TO CONSIDER COMPENSATING BA FOR LOSSES BA HAS TAKEN ON ROUTE SWAP. GALLAGHER CONCEDED THAT INDEED BA APPEARS TO HAVE SUFFERED LOSS ON THE ROUTE SWAP WHICH BA ITSELF HAD SUGGESTED. HOWEVER, PAN AM WITH ITS PROBLEMS WAS NOT ABOUT TO PAY FOR BA'S POOR JUDGMENT. GEORGE

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